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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

27 July 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : David D. Gries
National Intelligence Officer for East Asia

SUBJECT : East Asia Warning Assessment

1. The following items were discussed by the Community Representatives at the 21 July Warning Meeting.

2. Warning -- There were no warning items in East Asia.

3. Regional Policy Issues

a. North Korean moves to assert control over its 200 mile economic zone will lead to minor incidents with Japanese and South Korean fishing fleets. Already three Japanese and one South Korean vessel have been detained and in the case of the latter, released. A US plan for the Midway Carrier Battle Group to make a shallow penetration of the 200 mile zone in August and again in the Fall will underscore the US principle of freedom of the seas without provoking hostilities with the North Koreans.

b. The Vietnamese announcement regarding a partial troop withdrawal from Kampchea obscures Vietnamese actions to replace most of the troops withdrawn. Community analysts view the move more as a rotation than as a significant drawdown. The Vietnamese objective is to impress ASEAN with its reasonableness on the eve of Foreign Minister Nguyen Co Thach's visit to ASEAN capitals.

c. The furor over the Seoul curb loan scandal has died down in part because of the shake up of the cabinet and the government's new economic stimulation package. The trial of students accused of the March fire bombing of a US facility in Pusan will be disruptive at a minimum. The consequence of these various events is continuing loss of confidence in the Chun Doo Hwan government.

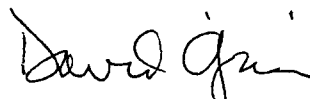
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d. Distrust of trends in US policy led the Chinese to reopen the issue of arms sales to Taiwan, which was set aside by Beijing and Washington at the time of normalization in 1978. The Chinese have backed up their demand for US acknowledgement of the principle that arms sales should diminish and ultimately end with a threat to downgrade diplomatic relations. Whatever the outcome, it is unlikely that we will return to the status quo ante 1980.

e. A warming trend is evident in Burma's relations with the West after decades of isolation under Ne Win's Burmese road to socialism. Analysts expect slow rather than abrupt change. Ne Win, now 70, has given up one of his two principle jobs. A successor could be in the offing from the army.



David D. Gries

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